

NEWS

## White House confirms Medicaid funding for Puerto Rico to avoid a fiscal cliff in the short term

They anticipate a permanent appropriation of more than \$3 billion, plus inflation, but Puerto Rico's government warns FMAP levels still need legislation



For Fiscal Year 2022 which begins October 1, the appropriation could reach \$2.943 billion, according to Jenniffer González, Resident Commissioner in Washington.

### Washington D.C. - The **U.S. Department of Health**

(<https://www.hhs.gov/>) has interpreted the 2019 law that increased annual Medicaid funding for Puerto Rico to about \$2.9 billion as permanently raising that allocation, including an annual inflation adjustment for the cost of medical services.

The **White House** said this afternoon that this will represent an investment of more than \$3 billion annually permanently that would avoid a fiscal cliff in Puerto Rico's health care system in the short term.

For Fiscal Year 2022 which begins October 1, the appropriation could reach \$2.943 billion, according to Jenniffer González, Resident Commissioner in Washington.

Although the federal Health Department's decision avoids a \$2.4 billion fiscal cliff in the health system by October 1, it will still be necessary to review FMAP levels for federal Fiscal Year 2022 to avoid a cliff next year.

**“That’s why legislation must be passed now,”** said Puerto Rico Federal Affairs Administration (PRFAA) Executive Director Carmen Feliciano.

Under the current temporary law, the federal government contributes 76 percent of the funds for each Medicaid service. But, the federal contribution would fall back to 55 percent of the permanent law without new legislation before October 1.

According to the White House, this maintains the existing expanded funding level for Medicaid in Puerto Rico, and it is a step toward parity for the island. We look forward to working with Congress to address the parity rate for Puerto Rico which, without Congressional action, will return to unacceptable levels.

Commissioner González said the projected funding reduces the risk of future deficits but does not eliminate them. “Puerto Rico is still likely to project a federal funding deficit for Fiscal Year 2022, however, it will likely come later than originally anticipated,” the commissioner said.

González said that if FMAP levels for Medicaid services - Federal Medical Assistance Percentage - remain at 55 percent again, “Puerto Rico would have to generate more than \$600 million” from its budget in 2022.

The legal analysis determined that they do not require a new law to maintain the same level of appropriations, but they do need congressional approval to increase the FMAP level again.

But the health industry and the Puerto Rico government had complained that the allocation proposed by the U.S. House Energy and Commerce Committee not only fell short of parity but did not include a mechanism to increase funds based on inflation in the cost of medical services.

González indicated that other funds should still be included, such as the \$200 million annual allocation that is granted as long as 70 percent of the money is guaranteed to stay in the hands of health care providers. “I want to bring the allocation to \$3.5 billion annually,” she said.

Puerto Rico only offers 10 of the 17 Medicaid programs. “This allocation must be increased to \$4.5 billion federal and \$700 million state, with an FMAP level of 83 percent to meet all Medicaid requirements,” said Javier Llano, a lobbyist with Capitol Advisors who represents insurer MCS.

---